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OF COUNSEL
WILLIAM G. CONLY

May 10, 2004

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Cotton Valley Formation, Reservoir A, and Hosston
Formation, Reservoir A, GRAND CANE FIELD,
DeSoto Parish, Louisiana.

Dear Sir:

BRIDAS ENERGY USA, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Cotton Valley Formation, Reservoir A, and to the Hosston Formation, Reservoir A, in the Grand Cane Field, DeSoto Parish, Louisiana:

Cotton Valley Formation, Reservoir A

1. To establish rules and regulations governing the exploration for and production of gas and condensate from the Cotton Valley Formation, Reservoir A.
2. To create three (3) drilling and production units for the exploration for and production of gas and condensate from the Cotton Valley Formation, Reservoir A, such units being designated CV RA SUA through CV RA SUC, and being shown on an attached plat.
3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed units with each separate tract sharing in unit production on a surface acreage basis of participation.
4. To designate an Operator of, and unit wells for, the proposed units as may be appropriate.
5. To provide that future wells drilled to the Cotton Valley Formation, Reservoir A, be located no closer than 660 feet to any unit line and no closer than 2,000 feet to any well completed in, drilling to, or for which a permit shall have been granted to drill to the Cotton Valley Formation, Reservoir A.
6. To permit Applicant to combine downhole production from the Cotton Valley Formation, Reservoir A, with production from the Hosston Formation, Reservoir A, in any well drilled on the identical units for those formations in which the interests in such units are identical.

7. To define the Cotton Valley Formation, Reservoir A, as that gas and condensate bearing interval encountered between the depths of 9,140 feet and 10,177 feet, electric log measurements, in the Bidas Energy USA, Inc.--John A. Blunt 14 No. 1 Well, located in Section 14, Township 12 North, Range 15 West, DeSoto Parish, Louisiana.

8. To consider such other matters as may be pertinent to the Cotton Valley Formation, Reservoir A.

Hosston Formation, Reservoir A

1. To create two (2) additional drilling and production units for the exploration for and production of gas and condensate from the Hosston Formation, Reservoir A, such units being shown on an attached plat and being designated HOSS RA SUK and HOSS RA SUL.

2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed additional units in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950, with each tract sharing in unit production on a surface acreage basis of participation.

3. To designate an Operator of, and unit wells for, the proposed additional units as may be appropriate.

4. To extend, except as in conflict herewith, the provisions of Office of Conservation Order No. 342-B, effective May 24, 1978, as amended and supplemented by the Order No. 342-B series of Orders, to the proposed additional units.

5. To discuss such other matters as may be pertinent to the Hosston Formation, Reservoir A.

The Hosston Formation, Reservoir A, in the Grand Cane Field, DeSoto Parish, Louisiana, was defined in Office of Conservation Order No. 342-B, effective May 24, 1978.

Pertinent data concerning this application is available for inspection at the offices of Louis Gilbert & Associates, Inc., 3636 N. Causeway Boulevard, Suite 204, Metairie, Louisiana 70002-7216. Any person wishing to inspect such data should call Mr. Louis Gilbert at (504) 834-8112 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated April 19, 2004, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these proposals and set

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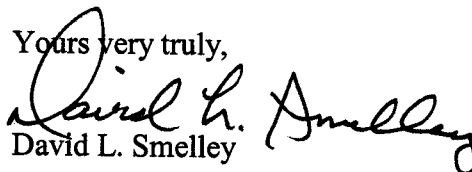
May 13, 2004, as the tentative date for the pre-application conference. While a conference request was received, the request was later withdrawn; accordingly, no pre-application conference was held.

Pursuant to the Revised Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of the two unit plats (which are identical to the unit plats attached to the pre-application notice) is enclosed herewith, and a copy of this letter and of the attached plats is being sent to the District Manager of the Shreveport District of the Office of Conservation and to each of the Interested Owners, Represented Parties and Interested Parties as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and of the enclosed plats, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Grand Cane Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, enclosed herewith is our check payable to the Office of Conservation covering the application fee.

Yours very truly,


David L. Smelley

-- Attorney for Bridas Energy USA, Inc.

DLS:dp
Enclosures

cc: Mr. Jim Broussard (w/encls.)
Ms. Linda McGowen (w/encls.)
Mr. Jerry Loyd (w/encls.)
Mr. Louis Gilbert (w/encls.)
Interested Owners, Represented Parties
and Interested Parties (w/plats only)

